GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:1388
ANSWERED ON:24.11.2016
Viability Gap Funding Corpus
Panda Shri Baijayant "Jay"

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether there is any proposal to charge airlines plying on domestic routes Rs. 8000 per flight to build Viability Gap Funding (VGF) corpus;

(b) if so, the details thereof:

(c) whether the Government is aware that this would be passed on to the consumers as an additional cost;

(d) if so, whether the Government has taken any steps to nullify the effect of this additional cost, if so, the details thereof;

(e) whether the Government has any strategy in place for utilisation of this fund; and

(f) if so, the details thereof and if not, the reasons therefor?

Answer

Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Sinha)

(a) to (d): Central Government has decided to impose a levy on scheduled flights operated within India to fund Regional Air Connectivity Fund, in the following manner:

i) Rs. 7,500 with stage length upto 1,000km.

ii) Rs. 8,000 with stage length more than 1,000 km to 1,500 km and

iii) Rs. 8,500 with stage length above 1,500 km.
However, following flights shall be exempted from the said levy:

i) Flights operated on CAT II/ CAT IIA routes as specified in Route Dispersal Guidelines issued under Rule 134 (1A).

ii) Flights operated on Regional Connectivity Scheme (RCS) routes.

iii) Flights operated with aircraft having maximum certified take off mass not exceeding 40,000 kg.

(e) and (f): As provided in National Civil Aviation Policy - 2016, payment of Viability Gap Funding (VGF) will be made to the selected airline operators from the Regional Connectivity Fund and the State Governments will be asked to reimburse the applicable share (20% for States other than for NorthEastern States and Union Territories of India, where the ratio will be 10%) towards VGF for respective RCS routes.;